

Message Text

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PAGE 01 CANBER 01062 220835Z

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 OMB-01 A-01 ABF-01 PER-05 COME-00

SPC-03 RSC-01 DRC-01 (ISO) W
----- 002246

P 220705Z FEB 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 2613 PRIORITY

UNCLAS CANBERRA 1062

E.O. 11652: N/A.

TAGS: BEXP, AS.

SUBJ: COST ESTIMATES FOR POSTS' INPUTS TO
COMMERCIAL SERVICES.

REF: (A) STATE 251796.

(B) STATE 032702.

(C) CANBERRA 0996.

1. THE FOLLOWING TABLE SETS FORTH THE MISSION'S BEST
PRELIMINARY ESTIMATES OF AVERAGE UNIT COSTS OF PERFORMING
COMMERCIAL SERVICES SPECIFIED IN REFTEL. KEY TO COLUMN
HEADING AND EXPLANATORY COMMENTS ARE GIVEN IN PARA 2.

A. B. C. D. E. F. G. H.

WTDR

1. NEW 0.48 4.39 3.09 12.61 3.85 8.21 29.06

2. UPDATE 0.40 3.66 3.20 13.06 2.05 8.28 27.05

T/O 0.47 4.30 1.09 5.57 - 3.59 27.54

I/O 1.44 14.31 1.71 8.99 - 7.24 30.54

L/O 1.00 9.94 2.27 13.08 - 7.52 30.54

ADS 1.11 9.27 0.98 5.57 - 4.80 19.64

MEP 9.68 99.41 7.31 18.28 - 39.07 156.76

TC SHOWS INCOMPLETE - ESTIMATES TO FOLLOW

MISSIONS NONE REPORTED

FAIRS NONE REPORTED

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PAGE 02 CANBER 01062 220835Z

1.CONTRACT4.00 51.28 3.00 15.84 - 16.10 83.22

2.IN-HOUSE8.00 102.56 30.00 196.50 - 87.40 453.58

BRIEFINGS

1. NTM 1.73 18.90 2.83 15.00 - 10.49 44.39

2. GENERAL1.27 14.73 0.42 2.63 - 3.89 21.25

3. AGENT 0.23 2.59 0.93 4.94 - 2.67 10.20

2. COLUMN KEY AND COMMENTS.

A. SERVICE PERFORMED. NO TRADE MISSIONS OR TRADE FAIRS WERE REPORTED. IN ADDITION, THERE WAS WIDE DIVERGENCE IN THE METHOD OF ACCOUNTING FOR STATE DEPARTMENT COSTS TO BE DISTRIBUTED AGAINST TRADE CENTER SHOWS. THIS LINE IS THEREFORE LEFT INCOMPLETE; MORE CONSISTENT ESTIMATES WILL FOLLOW IN A SUPPLEMENTAL AIRGRAM.

B. AVERAGE FSO HOURS PER UNIT. AN AVERAGE WEIGHTED BY NUMBER OF TIMES SERVICE PERFORMED AT EACH CONSTITUTENT POST.

C. FSO COSTS PER UNIT.

D. AVERAGE FSL HOURS PER UNIT. AVERAGE WEIGHTED AS IN B COLUMN B.

E. FSL COSTS PER UNIT. NOTE THAT NO DIRECT FSS COSTS WERE INCURRED.

F. OTHER DIRECT COSTS PER UNIT. THE ONLY CHARGES REPORTED IN THIS COLUMN WERE DUN AND BRADSTREET SUBSCRIPTIONS USED IN PREPARATION OF WTDR'S.

G. ADMINISTRATIVE OVERHEAD COSTS PER UNIT. IT WAS WITH THIS ITEM THAT GREATEST (THOUGH NOT ONLY) DIFFICULTY WAS ENCOUNTERED IN RECONCILING DIFFERENCES OF INTERPRETATION OF REFTEL A INSTRUCTIONS. BY SOME INTERPRETATIONS, OVERHEAD COSTS COULD HAVE BEEN DISTRIBUTED WHICH WOULD HAVE INFLATED FINAL RESULTS BY A FACTOR OF 2 TO 3, CONTRARY TO SUGGESTION MADE IN PARA 2B OF REFTEL A TO EFFECT THAT OVERHEAD COSTS SHOULD NOT CONTRIBUTE SIGNIFICANTLY TO TOTAL COSTS. REASONABLE RESOLUTION WAS REACHED BY OBTAINING FROM THE EMBASSY'S UNCLASSIFIED

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PAGE 03 CANBER 01062 220835Z

BUDGET AND FISCAL SECTION AN ESTIMATE OF STATE DEPARTMENT SHARED ADMINISTRATIVE SERVICES (SAS) COSTS ALLOCABLE TO THE MISSIONS ECONOMIC/COMMERCIAL FUNCTION. USING SCHEDULES SAS-5 (PERSONAL SERVICES DISTRIBUTION) AND SAS-6 (OTHER OBJECT DISTRIBUTIONS) AN E/C SHARE OF \$141,952.57 WAS CALCULATED. THIS FIGURE WAS DIVIDED BY THE PRODUCT OF THE NUMBER OF MISSION E/C POSITIONS TIMES WORKING HOURS PER YEAR (35 POSITIONS TIMES 1,760 HOURS , OR 61,600 PERSON-

HOURS) TO OBTAIN AN ADMINISTRATIVE OVERHEADCOST FACTOR OF \$2.30 PER PERSON-HOUR. IT IS THIS FACTOR MULTIPLIED BY TOTAL PERSON-HOURS REQUIRED FOR EACH SERVICE THAT IS ENTERED IN COLUMN G.

H. TOTAL UNIT COST OF SERVICE. THE SUM OF COLUMNS C, E, F AND G.

3. THE EMBASSY IS FURNISHING THE \$2.30 PER PERSON-HOUR OVERHEAD FACTOR CITED IN PARA 2G IN ORDER TO BE RESPONSIVE TO THE SPECIFIC REQUEST IN THE REFTL. TO THE SAME END WE HAVE MULTIPLIED THIS FACTOR BY THE MAN-HOURS CONCERNED FOR EACH SERVICE AND SHOWN THE ARITHMETIC TOTAL IN COLUMN H. WE DO WISH TO EMPHASIZE OUR VIEW HOWEVER THAT WHILE THIS ALLOCATION OF OVERHEAD MAY BE ARITHMETICALLY CORRECT, IT IN FACT REPRESENTS AN OVERSTATEMENT OF THE VARIABLE INDIRECT COST WHICH SHOULD BE LOADED ON TOP OF THE DIRECT COST FOR EACH SERVICE. THIS MEANS IN TURN IN OUR VIEW THE TOTAL COST FIGURES IN COLUMN H ARE AN OVERSTATEMENT FOR MOST BUDGETARY ANALYTICAL PURPOSES OF THE UNIT COST OF THE SERVICES CONCERNED. WE ASSUME THAT THE DEPARTMENT WILL RECEIVE WIDELY VARYING OVERHEAD FACTORS FROM THE VARIOUS RESPONDENT POSTS AND WILL IN ANY CASE WISH TO RECALCULATE THE RAW DATA PROVIDED, IN A CONSISTENT FASHION FOR ALL POSTS, ON WHATEVER BASIS IT DECIDES TO ADOPT FOR ALLOCATING OVERHEAD.

4. A FEW AMBIGUITIES REMAIN TO BE CLARIFIED IN MISSION ESTIMATES. THESE ARE BEING WORKED OUT AND AN AIRGRAM GIVING OUR FINAL COMPLETE ESTIMATES WILL FOLLOW SHORTLY. THESE SHOULD NOT SIGNIFICANTLY ALTER MOST OF THE BASIC RESULTS GIVEN IN THE FOREGOING TABLE, BUT WILL MAKE ENTIRE PRESENTATION MORE CONSISTENT AND CLARIFY METHODOLOGY. EMBASSY SINCERELY REGRETS DELAY.

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PAGE 04 CANBER 01062 220835Z

GREEN

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Disposition Approved on Date:
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Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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